

MONTANA LEGISLATIVE HISTORY

Chapter 360 ~~19~~ 2001

Bill H _____ S 261 Original bill & history ☒ C

H. Committee on Agriculture

Hearing Date(s) 3/20 _____ C

_____ C

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_____ C

Date Out 3/20 _____ C

S. Committee on Agriculture

Hearing Date(s) 2/2 _____ C

2/9 _____ C

_____ C

_____ C

Did this bill originate in an interim committee? ☐ Yes ☐ No

Committee _____

Report _____

1/22	Hearing		
1/29	Fiscal Note Received		
1/29	Fiscal Note Signed		
1/30	Fiscal Note Printed		
2/06	Committee Executive Action--Bill Passed as Amended	12	2
2/06	Committee Report--Bill Passed as Amended		
2/09	2nd Reading Passed as Amended on Voice Vote	49	0
2/10	3rd Reading Passed	43	0
	Transmitted to House		
2/22	Revised Fiscal Note Requested		
2/28	Revised Fiscal Note Received		
3/01	Referred to Education		
3/01	Revised Fiscal Note Signed		
3/02	Revised Fiscal Note Printed		
3/05	Hearing		
3/05	Committee Executive Action--Bill Concurred	18	0
3/05	Committee Report--Bill Concurred		
3/06	Rereferred to Education		
3/08	Committee Executive Action--Bill Concurred as Amended	18	0
3/08	Committee Report--Bill Concurred as Amended		
3/15	2nd Reading Concurred	96	4
3/17	3rd Reading Concurred	98	2
	Returned to Senate with Amendments		
3/20	2nd Reading House Amendments Concurred on Voice Vote	48	0
3/21	3rd Reading Passed as Amended by House	48	0
3/21	Sent to Enrolling		
3/22	Returned from Enrolling		
3/23	Signed by President		
3/26	Signed by Speaker		
3/27	Transmitted to Governor		
4/05	Signed by Governor		
4/05	Chapter Number Assigned		
	Chapter Number 205		
	Effective Date: 4/05/2001 - All Sections		

SB 261 Introduced by Christiaens, et al.

LC0039 Drafter: Lee Evans

Legalize Growing Industrial Hemp

1/16	Introduced		
1/16	Fiscal Note Requested		
1/16	First Reading		
1/16	Referred to Agriculture, Livestock and Irrigation		
1/22	Fiscal Note Received		
1/23	Fiscal Note Signed		
1/23	Fiscal Note Printed		
2/02	Hearing		
2/12	Committee Executive Action--Bill Passed	9	2
2/12	Committee Report--Bill Passed		
2/13	2nd Reading Passed	45	5
2/14	3rd Reading Passed	45	5
	Transmitted to House		
3/01	Referred to Agriculture		
3/20	Hearing		
3/20	Committee Executive Action--Bill Concurred	16	3
3/21	Committee Report--Bill Concurred		
4/04	2nd Reading Concurred	82	17
4/05	3rd Reading Concurred	79	21

Returned to Senate
 4/05 Sent to Enrolling
 4/07 Returned from Enrolling
 4/10 Signed by President
 4/10 Signed by Speaker
 4/13 Transmitted to Governor
 4/23 Signed by Governor
 4/23 Chapter Number Assigned
 Chapter Number 360
 Effective Date: 10/01/2001 - All Sections

SB 262 Introduced by Wells, et al.

LC1579 Drafter: Sternberg

Eliminate Social Security Numbers on Hunting and Fishing Applications

1/12	Fiscal Note Needed		
1/16	Introduced		
1/16	Fiscal Note Requested		
1/16	First Reading		
1/16	Referred to Fish and Game		
1/19	Fiscal Note Received		
1/20	Fiscal Note Signed		
1/22	Fiscal Note Printed		
1/23	Hearing		
1/25	Committee Executive Action--Bill Passed as Amended	11	0
1/26	Committee Report--Bill Passed as Amended		
1/29	2nd Reading Passed on Voice Vote	48	0
1/30	3rd Reading Passed	47	1
	Transmitted to House		
2/06	Referred to Fish, Wildlife and Parks		
3/08	Hearing		
3/23	Committee Executive Action--Bill Concurred as Amended	18	0
3/23	Committee Report--Bill Concurred as Amended		
3/27	2nd Reading Concurred	97	3
3/28	3rd Reading Concurred	100	0
	Returned to Senate with Amendments		
3/31	2nd Reading House Amendments Concurred on Voice Vote	48	0
4/02	3rd Reading Passed as Amended by House	47	0
4/02	Sent to Enrolling		
4/03	Returned from Enrolling		
4/06	Signed by President		
4/09	Signed by Speaker		
4/11	Transmitted to Governor		
4/21	Signed by Governor		
4/21	Chapter Number Assigned		
	Chapter Number 321		
	Effective Date: 4/21/2001 - Sections 1, 2, and 4-7		
	Effective Date: If One or More of the Contingencies in (Section 3) Occur, the Applicable Contingency Is Effective upon Certification of That Contingency to the Governor and the Secretary of State and Notification to the Montana Code Commissioner. - Section 3		

SB 263 Introduced by Mahlum

LC1088 Drafter: Petesch

Continue Bed Tax Funding for Heritage Preservation and Development Program

1/16 Introduced
 1/16 Fiscal Note Requested
 1/16 First Reading
 1/16 Referred to Business and Labor
 1/23 Fiscal Note Received

Senate BILL NO. 261

INTRODUCED BY

(Primary Sponsor)

ROUSH, J. L.

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE PRODUCTION OF INDUSTRIAL HEMP AS AN AGRICULTURAL CROP; REQUIRING THAT A LICENSE BE OBTAINED PRIOR TO GROWING INDUSTRIAL HEMP; REQUIRING THAT THE DEPARTMENT OF AGRICULTURE BE NOTIFIED WHEN GROWING OR SELLING INDUSTRIAL HEMP; PROVIDING RULEMAKING AUTHORITY TO THE DEPARTMENT OF AGRICULTURE; PROVIDING FOR THE DISPOSITION OF FEES; PROVIDING AN AFFIRMATIVE DEFENSE FOR THE POSSESSION OR CULTIVATION OF MARIJUANA; PROVIDING AN EXEMPTION TO CRIMINAL POSSESSION OF DANGEROUS DRUGS AND CRIMINAL PRODUCTION OR MANUFACTURE OF DANGEROUS DRUGS FOR INDUSTRIAL HEMP PRODUCTION AS AN AGRICULTURAL CROP; REQUIRING THE DEPARTMENT OF AGRICULTURE TO REQUEST A CHANGE OR WAIVER IN FEDERAL LAW; AND AMENDING SECTION 45-9-108, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Definitions. As used in [sections 1 through 7], the following definitions apply:

(1) "Industrial hemp" means all parts and varieties of the plant *Cannabis sativa* L. containing no greater than 0.3% tetrahydrocannabinol.

(2) "Marijuana" means all plant material from the genus *cannabis* containing tetrahydrocannabinol (THC) or seeds of the genus capable of germination.

NEW SECTION. Section 2. Industrial hemp authorized as agricultural crop. Industrial hemp that has no more than 0.3% tetrahydrocannabinol is considered an agricultural crop in this state. Upon meeting the requirements of [section 3], an individual in this state may plant, grow, harvest, possess, process, sell, or buy industrial hemp if the industrial hemp does not contain more than 0.3% tetrahydrocannabinol.

NEW SECTION. Section 3. Industrial hemp -- licensing. (1) An individual growing industrial hemp for commercial purposes shall apply to the department for a license on a form prescribed by the

1 department.

2 (2) The application for a license must include the name and address of the applicant and the legal
3 description of the land area to be used for the production of industrial hemp.

4 (3) The department shall require each first-time applicant for a license to file a set of the
5 applicant's fingerprints, taken by a law enforcement officer, and any other information necessary to
6 complete a statewide and nationwide criminal history check with the criminal investigation bureau of the
7 department of justice for state processing and with the federal bureau of investigation for federal
8 processing. All costs associated with the criminal history check are the responsibility of the applicant.
9 Criminal history records provided to the department under this section are confidential. The department
10 may use the records only to determine if an applicant is eligible to receive a license for the production of
11 industrial hemp. If the applicant has completed the application process to the satisfaction of the
12 department, the department shall issue the license, which is valid until December of that year. An
13 individual licensed under this section is presumed to be growing industrial hemp for commercial purposes.

14 (4) The licensing requirements of [sections 1 through 7] do not apply to employees of the
15 agricultural experiment station or the Montana state university-Bozeman extension service involved in
16 research and extension-related activities.

17

18 **NEW SECTION. Section 4. Industrial hemp production -- notification requirements.** (1) Each
19 licensee shall file with the department:

20 (a) documentation showing that the seeds planted are of a type and variety certified to have no
21 more than 0.3% tetrahydrocannabinol; and

22 (b) a copy of any contract to grow industrial hemp.

23 (2) Each licensee shall notify the department of the sale or distribution of any industrial hemp
24 grown by the licensee, including the name and address of the person receiving the industrial hemp.

25

26 **NEW SECTION. Section 5. Rulemaking authority.** The department shall adopt rules that include
27 but are not limited to:

28 (1) testing of the industrial hemp during growth to determine tetrahydrocannabinol levels;

29 (2) supervision of the industrial hemp during its growth and harvest;

30 (3) assessment of a fee that is commensurate with the costs of the department's activities in

1 licensing, testing, and supervising industrial hemp production; and

2 (4) any other rules and procedures necessary to carry out [sections 1 through 7].

3

4 **NEW SECTION. Section 6. Disposition of fees.** All fees assessed as provided in [section 5] must
5 be deposited with the state treasurer to the credit of the state special revenue fund for the use of the
6 department for administering and enforcing [sections 1 through 7].

7

8 **NEW SECTION. Section 7. Affirmative defense for possession or cultivation of marijuana.** (1) It
9 is an affirmative defense to a prosecution for the possession or cultivation of marijuana under 45-9-102,
10 45-9-103, and 45-9-110 that:

11 (a) the defendant was growing industrial hemp pursuant to [sections 1 through 7];

12 (b) the defendant had valid applicable controlled substances registrations from the United States
13 department of justice, drug enforcement administration; and

14 (c) the defendant fully complied with all of the conditions of the controlled substances registration.

15 (2) This section is not an affirmative defense to a charge of criminal sale or distribution of
16 marijuana.

17

18 **Section 8.** Section 45-9-108, MCA, is amended to read:

19 **"45-9-108. Exemptions.** (1) The provisions of 45-9-107 do not apply to:

20 (a) a drug manufacturer licensed by the state;

21 (b) a person authorized by rules adopted by the board of pharmacy to possess the combination
22 of substances;

23 (c) a person employed by or enrolled as a student in a college or university within the state who
24 possesses any combination of substances listed in 45-9-107 for the purposes of teaching or research
25 ~~which~~ that is authorized by the college or university.

26 (2) The board of pharmacy shall adopt, amend, or repeal rules in accordance with the Montana
27 Administrative Procedure Act to authorize the processing of any combination of the substances listed in
28 45-9-107 whenever it determines that there is a legitimate need and that the substances will be used for
29 a lawful purpose.

30 (3) The provisions of 45-9-102, 45-9-103, and 45-9-110 do not apply to [section 2]."

1

2 **NEW SECTION.** **Section 9. Request for federal change or waiver.** The department shall send a
3 copy of [this act], along with a request for a change in federal law or a waiver that will allow [this act] to
4 be effective without federal preemption, to the Montana congressional delegation and the director of the
5 drug enforcement administration.

6

7 **NEW SECTION.** **Section 10. Codification instruction.** [Sections 1 through 7] are intended to be
8 codified as an integral part of Title 80, and the provisions of Title 80 apply to [sections 1 through 7].

9

- END -

FISCAL NOTE

Bill #: SB0261

Title: Legalize growing industrial hemp

Primary Sponsor: Chris Christiaens

Status: As Introduced

Sponsor signature

Date

Chuck Swysgood, Budget Director

Date

1/22/01

Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Expenditures:		
State Special Revenue	5,192	4,918
Revenue:		
General Fund	160	160
State Special Revenue	5,192	4,918
Net Impact on General Fund Balance:	160	160

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

Department of Agriculture

1. Current federal statute prohibits the growing of industrial hemp. Assume the federal statute is amended to legalize the growing of industrial hemp effective July 1, 2001. If federal approval is not received during the 2003 biennium, there will be no fiscal impact.
2. There will be 20 applications per year. The cost of an in-state criminal background check will be \$8 per applicant, paid by applicant. The cost of a FBI criminal background check will be \$26 per applicant, paid by applicant. In order for the FBI to conduct criminal background checks, the program must be approved by the U.S. Attorney General's Office.

SB 261

3. A lab sample to determine tetrahydrocannabinol (THC) levels will cost \$200 per sample, paid by applicant. The crime lab in Missoula can confirm the presence or absence of THC, but cannot quantify the percent present. The MT Dept of Agriculture analytical lab will be able to quantify, but the precise protocol has yet to be established.
4. The fees are to be commensurate with costs, but until the number of producers, the number of acres in production, and the number of samples per acre is known, this is difficult to estimate.
5. Personal services costs are based on an existing agricultural inspector at grade 14, with benefits. If there are 20 growers and each has at least one field to be inspected, it will require five hours of staff time per field (once per year) plus travel, and several hours to review applications, so the combination of application review and inspections will be approximately 150 hours of staff time.
6. Operating expenses include rules adoption at \$400 in FY 2002; printing and communications costs at \$550 each year; supplies (field and lab) at \$500 each year; and in-state travel estimated at \$600 per year (one on-site visit plus sampling of each field once during the growing season).

Department of Justice

7. The U.S. Attorney General would approve the fingerprint based background check provision under PL 92-544.
8. It takes central repository staff between 7 and 10 minutes to process an applicant fingerprint card through the Western Identification Network (WIN) and the FBI Integrated Automated Fingerprint Identification System (IAFIS). To process 20 new cards would take staff approximately three hours and the department will absorb this minor cost.
9. The FBI charges governmental agencies \$26 per fingerprint card processed for these purposes. The Dept of Justice collects these funds and then remits them directly to the FBI as a pass through cost. No revenue or expenses are recorded on the state books for these transactions. The Department of Justice charges \$8 per card processed and deposits this in the general fund. Increased revenue for the general fund for the 20 cards would be \$160 (20 x \$8 = \$160).

FISCAL IMPACT:**Department of Agriculture**

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Expenditures:</u>		
Personal Services	3,142	3,268
Operating Expenses	<u>2,050</u>	<u>1,650</u>
TOTAL	5,192	4,918

Funding:

State Special Revenue (02)	5,192	4,918
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Revenues:

General Fund (01)	160	160
State Special Revenue (02)	5,192	4,918

Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	160	160
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TECHNICAL NOTES:

Department of Agriculture

- 1 The bill does not contain criteria or authority to turn down an application based on a negative criminal
2 background check.
- 3 Background check is only required on a first time applicant. It does not address what occurs should a non-
4 first time applicant be convicted of a criminal offense.
- 5 The bill as currently written does not address whether the department may turn down an application based
6 on arrests versus convictions.
- 7 The bill does not clearly define the consequences when lab results show greater than 0.3% level of THC in
8 a sample. There should be consequences, such as reporting to law enforcement and destruction of the
9 crop.
- 10 Section 3, page 2, line 6 requires state criminal background checks, which are no longer conducted by the
11 criminal investigation bureau, Department of Justice, but by the criminal justice information services
12 bureau, Department of Justice.
- 13 The bill should require fingerprints taken by a law enforcement officer, with the associated payment (\$5-
14 \$25) to be submitted as part of the application.

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MINUTES

**MONTANA SENATE
57th LEGISLATURE - REGULAR SESSION
COMMITTEE ON AGRICULTURE, LIVESTOCK AND IRRIGATION**

Call to Order: By **CHAIRMAN RIC HOLDEN**, on February 2, 2001 at 3:00 P.M., in Room 422, Capitol.

ROLL CALL

Members Present:

Sen. Ric Holden, Chairman (R)
Sen. Pete Ekegren, Vice Chairman (R)
Sen. Mike Halligan (D)
Sen. Greg Jergeson (D)
Sen. Walter McNutt (R)
Sen. Arnie Mohl (R)
Sen. Linda Nelson (D)
Sen. Corey Stapleton (R)
Sen. Jon Tester (D)
Sen. Tom Zook (R)

Members Excused: None.

Members Absent: Sen. Gerald Pease (D)

Staff Present: Laramie Cumley, Committee Secretary
Doug Sternberg, Legislative Services

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 81, SB 261
Executive Action: SB 81, SB 160, SB 197

HEARING ON SB 81

Sponsor: SEN. DON HARGROVE, SD 16, BELGRADE

Proponents:

Bud Clinch, Department of Natural Resources and Conservation
Ralph Peck, Montana Department of Agriculture

SEN. ZOOK replied to the discussion by suggesting a first time warning.

Doug Sternberg explained the penalties named in the bill as being a criminal misdemeanor for a first offense, a fine or six months in jail.

SEN. HOLDEN expressed concern with children possibly getting a criminal record for selling berries in a class C community for not having a permit.

SEN. TESTER stated that an unusual situation is going to arise this spring as a result of the fires and the effective date can be left at October, 1 and children need to learn to ask permission.

SEN. HALLIGAN stated law enforcement almost never charges someone on the first offense. They receive a warning and it is made clear that the rules need to be followed. Although if repeated, groups are not following these rules, that is when the county attorneys become involved.

Vote: Motion that SB 197 DO PASS AS AMENDED carried unanimously.

HEARING ON SB 261

Sponsor: SEN. CHRIS CHRISTIAENS, SD 23, GREAT FALLS

Proponents:

Star Streets, Representing herself
Daniel Bergey, Montana State University
Greg Strandberg, Representing himself
Bob Stephens, Montana Grain Growers Association
Diana Adamson, Montana Farmers Union

Opponents: none

Opening Statement by Sponsor:

SEN. CHRIS CHRISTIAENS, SD 23, GREAT FALLS stated that the production of industrial hemp as an alternative agricultural crop may improve economic development in Montana, and businesses which presently sell these products would not have to import them from out-of-state. This bill would require the Federal Government to either change or add a waiver in federal law to allow Montanans to grow industrial hemp. SEN. CHRISTIAENS explained details of this bill which state that a cannabis sativa plant could not contain more than a 0.3 tetrahydrocannabinol (THC) level or it

would be considered marijuana. This would be a fiber crop and it would also produce an oil very high in vitamin B. This oil is also more nutritious than canola. Presently if a farmer were to be growing industrial hemp, it would be worth between \$100 to \$500 per acre net income.

Proponents' Testimony:

Star Streets presented products made out of hemp such as clothing and paper. She stated that the only place that she could get these products in Nepal. When the items are returned to her store, the price is doubled. She also added that hemp products are unique because of their durability.

Daniel Bergey, Montana State University, presented written testimony regarding the scientific aspects of industrial hemp. EXHIBIT(4)

Greg Strandberg, presented written testimony regarding history and alternative uses of industrial hemp. EXHIBIT(5)

Bob Stephens, presented an article from "Successful Farming, December 2000" EXHIBIT(6)

Diana Adamson, supported the bill because it may help Montana to be more financially sound.

Opponents' Testimony: none

Questions from Committee Members and Responses:

SEN. LINDA NELSON asked if this was filed as a request, would it be as simple as it seemed to legalize industrial hemp. **SEN. CHRIS CHRISTIAENS** stated that this bill is to request a waiver from the federal government although, an amendment could be presented to go forward without the waiver.

SEN. NELSON asked about the moisture required from this crop. **SEN. CHRISTIAENS** replied that growing conditions for industrial hemp are very similar to corn.

SEN. RIC HOLDEN asked if this crop was to be grown on dry land or irrigated land. **Daniel Bergey** stated that he read that this crop is very drought tolerant.

SEN. NELSON asked how long the growing season was for industrial hemp and where would a person get seed. **Mr. Bergey** replied the growing season for industrial hemp is about three months and 95% of the seed comes from Canada. Various varieties can be cross

bred to lower THC levels and when harvested by combine, the seed is harvested first and the stems or fiber second.

SEN. HOLDEN asked for clarification on harvesting procedures. **Mr. Bergey** said that the pictures that he saw gave him that description.

SEN. COREY STAPLETON asked if an extract could be taken from industrial hemp plants that had a higher level of THC. **Mr. Bergey** stated that industrial hemp can be stressed and the THC level will go up some but, the higher level would never reach that of marijuana.

SEN. STAPLETON asked if a person could chemically make industrial hemp THC high enough to get "high". **Mr. Bergey** stated that he did not know the answer but if someone was a good enough chemist and had a full lab anything may be possible although an incredible amount of industrial hemp would be needed.

SEN. TESTER asked if the investment be lost for a weather-stressed crop. **SEN. CHRISTIAENS** answered no.

SEN. JERGESON clarified that the THC level in marijuana is 33 times higher than industrial hemp.

SEN. MCNUTT questioned if other states that have passed this law had federal approval. **SEN. CHRISTIAENS** stated that he was unsure what other states had done with this issue.

SEN. HOLDEN questioned the procedure that the Department of Agriculture would need to follow to obtain a federal waiver. **Ralph Peck, Montana Department of Agriculture** stated that he was uncertain of the waiver process because the DEA will not allow industrial hemp to be grown in the US presently, although if this crop were to be approved there would be guidelines to follow.

SEN. HALLIGAN asked about the effective date and approval for this waiver.

SEN. HOLDEN asked if industrial hemp could become a noxious weed. **Mr. Bergey** reassured **SEN. HOLDEN** that this would not become a noxious weed and in fact it can act as a weed suppressor.

SEN. HOLDEN questioned the market for this product, and asked where it would be sold. **SEN. TESTER** replied "if you grow it they will come." the market will not be a problem.

SEN. HOLDEN asked what **Mr. Strandberg** what his interest was in this product. **Greg Strandberg** noted that he lived and worked for

the Forest Service in Helena. He said that in 1929, a car was made out of hemp and powered with hemp. He stated that this is a product with the potential to help save the forest as well as wildlife by offering an alternative which can be used for the same things that trees are used for now.

Closing by Sponsor:

SEN. CHRIS CHRISTIAENS closed SB 261 by stating that this crop has a huge market potential as well as being a weed control crop. The products made from this are good quality and have a good retail value. This is a wonderful export opportunity which Montana could profit from and the wide gamut of products that can be made from industrial hemp is incredible. Industrial hemp is also easy to grow and harvest.

February 2, 2001

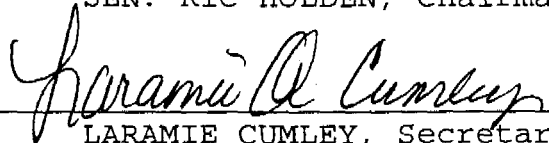
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ADJOURNMENT

Adjournment: 4:30 P.M.



SEN. RIC HOLDEN, Chairman



LARAMIE CUMLEY, Secretary

RH/LC

MINUTES

**MONTANA SENATE
57th LEGISLATURE - REGULAR SESSION
COMMITTEE ON AGRICULTURE, LIVESTOCK AND IRRIGATION**

Call to Order: By VICE CHAIRMAN PETE EKEGREN, on February 9, 2001 at 3:20 P.M., in Room 422, Capitol.

ROLL CALL

Members Present:

Sen. Ric Holden, Chairman (R)
Sen. Pete Ekegren, Vice Chairman (R)
Sen. Mike Halligan (D)
Sen. Greg Jergeson (D)
Sen. Walter McNutt (R)
Sen. Arnie Mohl (R)
Sen. Linda Nelson (D)
Sen. Gerald Pease (D)
Sen. Corey Stapleton (R)
Sen. Jon Tester (D)
Sen. Tom Zook (R)

Members Excused: None.

Members Absent: None.

Staff Present: Laramie Cumley, Committee Secretary
Doug Sternberg, Legislative Services

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 141, HB 113 1/20/01
Executive Action: HB 141, HB 113, SB 245,
HB 246, SB 261, SB 196

HEARING ON HB 141

Sponsor: REP. ROGER SOMERVILLE, HD 78, KALISPELL

Proponents: Steve Street, Montana Mint Growers Association
Ralph Peck, Montana Department of Agriculture

Discussion:

SEN. JERGESON wanted to note the inadequacy of the fiscal note on the bill.

Vote: Motion carried 10-1 with Jergeson voting no.

EXECUTIVE ACTION ON HB 246

Motion: SEN. PETE EKEGREN moved that HB 246 BE CONCURRED IN.

Discussion:

SEN. HALLIGAN questioned state land or liability issues that would require a 2/3 vote.

SEN. HOLDEN referred the question to John Bloomquist.

John Bloomquist, Montana Stockgrowers Association, explained the definition of person in the bill, does not include the State therefore, it would not be a requirement.

SEN. STAPLETON questioned the part of the bill which stated a livestock owner had "no duty" to keep their livestock in, although, later someone could be found liable.

John Bloomquist stated highways do not allow livestock on the rights-of-way which means a livestock owner would not be liable except in cases in which a livestock owner were grossly negligent or intentionally put their livestock on the right-of-way.

SEN. STAPLETON asked Mr. Bloomquist if he disagreed with the person at the hearing who stated there were inconsistencies in the language of the bill.

John Bloomquist answered, yes.

Vote: Motion carried unanimously.

SEN. HOLDEN noted that he would carry the bill on the floor.

EXECUTIVE ACTION ON SB 261

Doug Sternberg explained proposed amendment from SEN. HOLDEN SB026101.ads. EXHIBIT(5) A contingency would be placed in the bill.

Motion: SEN. EKEGREN moved that AMENDMENT SB026101.ADS BE ADOPTED.

Discussion:

SEN. HALLIGAN stated industrial hemp can not be used as a drug. It would make a person sick.

SEN. STAPLETON asked what the precedence would be on leaving these "loaded guns" in the Montana code.

SEN. TESTER stated that he did not see any need for the amendment because the bill states that there would have to a waiver for it to be effective.

Vote: Motion failed 3-8 with Ekegren, Holden, and Mohl voting aye.

Motion/Vote: SEN. HALLIGAN moved that SB 261 DO PASS. Motion carried 9-2 with Mohl and Stapleton voting no.

EXECUTIVE ACTION ON SB 196

Motion/Vote: SEN. TESTER moved RECONSIDER ACTION. Motion carried unanimously.

SEN. TESTER explained the bill had been reported out of committee, but the report was not read and adopted. Technically the bill is still in the committee.

Motion: SEN. TESTER moved to REMOVE AMENDMENTS SB019601.ADS.

Vote: Motion carried 9-2 with Mohl and Zook voting no.

Motion: SEN. TESTER moved that AMENDMENT SB019607.ADS BE ADOPTED.

Discussion:

SEN. TESTER explained the suggested amendments SB19607.ads EXHIBIT(6)

SEN. HOLDEN questioned penalties for out-of-state entities.

SEN. TESTER stated the intent of the bill is to get grocery stores to market products that are made in the USA or they can label country of origin unknown.

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON AGRICULTURE

Call to Order: By **CHAIRMAN DONALD L. HEDGES**, on March 20, 2001
at 3:00 P.M., in Room 172 Capitol.

ROLL CALL

Members Present:

Rep. Donald L. Hedges, Chairman (R)
Rep. Linda Holden, Vice Chairman (R)
Rep. Ralph Lenhart, Vice Chairman (D)
Rep. Darrel Adams (R)
Rep. Norma Bixby (D)
Rep. Gilda Clancy (R)
Rep. Christopher Harris (D)
Rep. Jim Keane (D)
Rep. Holly Raser (D)
Rep. Dave Gallik (D)
Rep. Larry Lehman (R)
Rep. Clarice Schrumpf (R)
Rep. Frank Smith (D)
Rep. Butch Waddill (R)
Rep. Karl Waitschies (R)
Rep. Merlin Wolery (R)

Members Excused: Rep. Rick Dale (R)
Rep. Kathleen Galvin-Halcro (D)
Rep. Verdell Jackson (R)

Members Absent: None.

Staff Present: Krista Lee Evans, Legislative Branch
Robyn Lund, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 261, 3/16/2001; HB 628,
3/16/2001
Executive Action: HB 628; SB 261; SB 245

REP. GALLIK is concerned that if we proceed to mediation on a claim and then there is a counterclaim filed, shouldn't the mediation include both the claim and the counterclaim?

REP. HARRIS responded that that is not the way this bill is structured. The seller doesn't have any rights under this bill.

Ms. Evans said that on page 2, sub B, his concerns seem to be addressed.

REP. GALLIK is concerned about page 4, line 10. It provides that an answer is required to be submitted by the seller within 15 days. Normally you have at least 20 days to file an answer. He is wondering if that is enough time.

REP. WOLERY has no concerns about changing that to 21 days.

REP. GALLIK moved the amendment.

REP. HEDGES asked if there was a reason for the 15 days.

REP. HOLDEN pointed out that they were trying to match other states and we should try to keep it consistent.

REP. GALLIK asked Mr. Barrel to respond. Mr. Barrel didn't object to extending the time frame. It is based on the recommended uniform seed law.

REP. SMITH clarified if that was 15 working days or 15 days. Ms. Evans replied that it would be days, since it doesn't say working days.

REP. HOLDEN asked for REP. GALLIK to respond. REP. GALLIK thinks that 21 days would make some sense. It appears that 15 days may not be enough. REP. HOLDEN said that the point of this is to get mediation going quickly. Since it is in the other states, maybe we should leave it 15 days.

Motion/Vote: REP. GALLIK moved that AMENDMENT TO HB 628 BE ADOPTED. Motion carried 17-2 with Holden and Lenhart voting no.

Motion/Vote: REP. WOLERY moved that HB 628 DO PASS AS AMENDED. Motion carried unanimously.

HEARING ON SB 261

Sponsor: Senator Chris Christiaens, SD 23

Proponents: Daniel Bergey, MSU
Carol Lambert, WIFE

Nancy Schlepp, Montana Farm Bureau
Bob Stevens, Montana Grain Growers, Montana Farmer's
Union
Brian Cameron

Opponents: None

Opening Statement by Sponsor:

Senator Chris Christiaens, SD 23, said that the bill before the committee today is one that authorizes the production of industrial hemp as an agricultural crop. The reason for this bill is because he is very aware of the nature of agriculture in Montana and he has looked at alternative crops for a long time. He handed out some information about hemp products and the value of them. EXHIBIT(3) There are two parts of hemp that are actually cash producers: the seed for oil and the fiber. The oil from the seed is selling for about \$60 per gallon. It is healthier than canola. The fiber can be made into many products including paper and clothing. We as a country are importing over \$50 million in hemp fiber per year. This is a crop that will grow well in Montana. The thing that he finds exciting about this is the simple fact that we can not only grow this in Montana, but this could be an added-value product. We can see production of things from the hemp grown in the state. This is also a great weed control plant. It grows thickly and shaves out weeds and you don't have to use pesticides in the growing of this particular crop. It can grow up to 16 feet in 110 day growing season. The higher it grows the more fiber there is for production. You harvest it twice: once for the seed and once for the fiber. It is a member of the marijuana family, but you are not able to get high off of it because the THC factor of this type of hemp is a .03%. Marijuana is generally a 3%. He submitted a letter from the Montana Libertarian Party.

EXHIBIT(4)

Proponents' Testimony:

{Tape : 1; Side : A; Approx. Time Counter : 37.4}

Daniel Bergey, MSU, believes that this crop should be legalized. He wanted to address the THC issue from a biochemical standpoint. Industrial hemp and marijuana are two varieties of the same species. The difference between the two is the level of THC, which is the psychoactive component in marijuana. He emphasized that you can't get high by smoking industrial hemp; you would just get sick. There are many varieties of industrial hemp that have virtually no level of THC. To be classified as industrial hemp the THC level has to be below .03%. There have been no studies where people have been able to purify THC from industrial

hemp. There is another component in play here, which is CBD. In marijuana the THC level is very high and the CBD level is very low. In industrial hemp it is the other way around. CBD counteracts THC. Industrial hemp can actually be considered the anti-marijuana because the CBDs actually prohibits THC's from binding to nerve receptacles, therefore preventing the psychoactive reaction. Without politics there would be no concern about hemp at all. He also said that hemp is a deep-rooted annual. It is very good for the soil and would be a fantastic rotation crop. It requires very little nitrogen and fertilizer. It is drought resistant.

Carol Lambert, WIFE, read from their policy on private property rights because this is a grower decision. "WIFE believes it's the right of every farm family to improve their financial situation, standard of living, or status in life through their own investments, management decisions, determination and dedication." This has a real possibility to enhance agriculture. This should be a personal decision. There are areas in Montana that this is needed as a drought resistant crop.

Nancy Schlepp, Montana Farm Bureau, stands in support of this bill.

Bob Stevens, Montana Grain Growers, Montana Farmer's Union, stated that this is a good alternative crop.

Brian Cameron said that our competitors in other nations are already producing hemp and selling it to the US at high prices. Many of our neighbors and domestic competitors from the Dakotas to Virginia have already positioned themselves to begin producing industrial hemp. We need to keep pace. SB 261 gives us a chance to take this to the next level and confirms our resolve to give our producers, manufacturers and retailers an economically viable and value-added product.

Questions from Committee Members and Responses:

{Tape : 2; Side : A; Approx. Time Counter : 3.6}

REPRESENTATIVE DARREL ADAMS asked the sponsor where the market for hemp is. **Senator Christiaens** said that the fiber can be utilized in the state without a great deal of effort.

REPRESENTATIVE FRANK SMITH asked how many other states are doing this. **Senator Christiaens** said that North Dakota, Virginia and Hawaii have attempted to do this. When they were drafting this bill they looked at it possibly being something that would be started as an experiment and then they looked at some of the safe

guards that the DEA would require and decided not to go that direction.

REPRESENTATIVE LARRY LEHMAN clarified that you would harvest this crop twice, once for the seed and once for the stalk.

Senator Christiaens said that was correct. **REP. LEHMAN** asked about a maturity time. **Senator Christiaens** said that it was about 110 days for a growing season.

REPRESENTATIVE CHRISTOPHER HARRIS doesn't see how we are going to get the federal government to be lenient on their statute.

Senator Christiaens said that it is possible that they will say no, but this is as close as you can come to requiring the federal government to be responding to state law. **REP. HARRIS** asked if there was any loop hole in federal law at all that allows for certain licensing to occur under certain conditions.

Senator Christiaens did not know of one. **Ms. Evans** shared that Hawaii did receive a waiver from the DEA. Included with that waiver were fairly substantial security measures such as fences, 24-hour surveillance, et cetera.

REPRESENTATIVE KARL WAITSCHIES said that it looks like, on page 3, that if he gets to grow industrial hemp, he can also grow marijuana for his own use. **Senator Christiaens** said that was not the intent. **Ms. Evans** said that the bill says it is an affirmative defense for the possession or cultivation of marijuana, if they were growing industrial hemp pursuant to sections 1 - 7, which means they can't have a level of THC greater than .03%.

REPRESENTATIVE CLARICE SCHRUMPF asked where the garments that were shown earlier were made. **Senator Christiaens** said that they were made in Nepal. **REP. SCHRUMPF** said that this seems to be a shoo-in crop. **Senator Christiaens** responded that she was accurate.

REP. ADAMS asked why the DEA had the security requirements in Hawaii. **Ms. Evans** said that it is because they are worried that people are going to plant marijuana within hemp fields. However, since you are growing them for different purposes, you plant them at different spaces.

REPRESENTATIVE MERLIN WOLERY asked what the support was in the Senate. **Senator Christiaens** said that it came out of the Senate Ag Committee with only one dissenting vote and it passed the Senate 46 to 4.

REPRESENTATIVE DON HEDGES said that during WWII there was a considerable amount of hemp grown in the US to support the war

effort for rope requirements for the Navy. When did we quit doing that? **Senator Christiaens** referred to the earlier handout. This nation is importing \$50 million worth of raw hemp each year for manufacturing. He pointed out that the Declaration of Independence was written on hemp paper. **REP. HEDGES** asked how it responds to herbicides for the control of weeds. **Senator Christiaens** said that one of the things about hemp is that it is a good controller of weeds. It chokes out other weeds. He thinks that because it is a broadleaf plant it would be very easy to control with herbicide if needed.

Closing by Sponsor:

{Tape : 2; Side : A; Approx. Time Counter : 21.7}

Senator Christiaens said that this is the ideal crop for the semiarid part of the state. This may eventually lead to other small businesses in the state manufacturing these products.

EXECUTIVE ACTION ON SB 261

Motion/Vote: **REP. HARRIS** moved that SB 261 BE CONCURRED IN. Motion carried 16-3 with Holden, Waddill, and Waitschies voting no.

EXECUTIVE ACTION ON SB 245

Motion: **REP. WOLERY** moved that SB 245 BE CONCURRED IN.

Motion: **REP. WOLERY** moved that AMENDMENTS TO SB 245 BE ADOPTED.

Discussion:

Ms. Evans explained the amendments. EXHIBIT(5)

REP. HOLDEN clarified that this bill is a risk management account. It is tax free for five years, but then you have to pay the taxes.

REP. ADAMS called for the question.

Motion: **REP. WOLERY** moved that AMENDMENTS TO SB 245 BE ADOPTED. Motion carried unanimously.

Motion: **REP. LENHART** moved that AMENDMENTS TO SB 245 BE ADOPTED.

Discussion: